

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – JANUARY 10, 2003

PRESENT: Chairman John Byrne and Commissioners Anthony Maiola and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Accountant

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending January 5, 2003 shows retail sales were up 19.8%, both on-premise and off-premise sales were up about 6.8%, with total aggregate sales increasing by around 15.5%. The traffic count was up by 11,149, as was the average sales ticket by \$2.34.

The W-I Total Weekly Sales report verifies total retail sales were up 15.5% or \$818,069 for the week, and were also up for the year by almost 5.2% or \$9,664,212. Wine sales for the week increased 18.75% or \$455,454, as they did by 8.9% or \$7,411,122 for the year. Sales of spirits were up 12.7% or \$362,615 for the week, and were also up year-to-date by approximately 2.2% or \$2,257,726.

Chairman Byrne questioned why spirit sales had increased two weeks in a row at such high figures. He asked that John Bunnell check with the Department of Transportation to determine if traffic counts were up.

B. Budget Reports:

This week's Outstanding Depletions and Post-Offs report shows all broker payments are current as of this time.

According the Joe Bouchard of Administrative Services, the FY04-05 budget has been finalized.

George reported that the agreement has been received for the SSA/GT professional services contract, and it is expected the Commission will know what is going to happen by next week.

A meeting was scheduled for Thursday, January 24 at 9:45 a.m. following the Enforcement meeting to provide a brief overview of the e-licensing project.

A second teleconference (which will occur on a weekly basis each Thursday afternoon) was held with Paymentech, including seven of their representatives, seven people from the Commission and a representative from the Treasury Department. The transition of the credit/debit card transaction process from Fleet Bank is being handled by Paymentech and the State. The disclaimer statement on the back of the gift card has been approved by the Attorney General's Office, and all of the artwork has been completed. Chairman Byrne reminded Craig that all graphics which will transact with the public must be approved by the Commission. The one glitch in the project is how long it will take ACR to do the programming. It is hoped that implementation can begin around March 1st. George explained that an extension has been received from Fleet Bank until May 31st. Interest rates have increased slightly for Master Card and Visa. If there is a three-month extension, it will cost about \$15,000. The rates for the new program will be 1.75% and cost less than \$.10 per transaction.

A review of the current W-6 Expense Budget Activity Report shows that agency expenditures should be at 52.33%, but the actual total is at 52.5%, or up around \$484,000 year-to-date. \$206,000 of this is for salaries. Of the \$159,000 increase in Class 22 Rents & Leases, \$114,000 is attributed to Information Technology and the leasing of Dell equipment. The rest is the result of store rent expenses, including additional square footages. Class 23 utilities shows an increase of \$100,000 over last year, some of which is the result of payment made to City Capitol and the fact that energy savings have not yet been realized. Class 30 Equipment has also gone up by about \$135,000, \$90,000 of which is attributed to Enforcement vehicles. All other classes seem to be in good shape. Reports have been provided to Store Operations on Class 18 Overtime Pay and Class 50 Temporary Services, and they will receive a report on Class 19 Holiday Pay today. One or two accounts may require transfers at year end.

Chairman Byrne asked that waivers be developed for retail store employees in response to the Governor's freeze action. Craig suggested that an equipment waiver for a new safe in Store 70 Swanzey also be done.

George was pleased to report that the December 2002 revenue estimate of \$10.8 million was exceeded at \$11.6 million.

2. IT Reports

IT is currently working on three main projects: the time and attendance program for Payroll, gross profit for Marketing, and the Paymentech interface with the web connection to take credit payments for orders, which is expected to be completed by the end of February or mid-March.

Howard distributed a sample of the new “look up” capability on the web site, which can be transformed into a production query on the main Product page if the Commission approves. Chairman Byrne commented that it may be helpful to have a segregation between old and new products.

The first training session for brokers on electronic filing will be next Tuesday, January 14th.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales were up over the same week last year by 766,201.90 or 18.11%, which may have been due in part to an extra sales day between the weekend and New Year’s holiday. However, there were a few stores which experienced decreases.

Peter reported on current store renovations and relocations. The bid for renovations at Store #34 Salem came in at \$378,000; Store Operations is looking at how to apply these to the Portsmouth store project, the bid for which is still being worked on. The Brookline planning board met last Thursday, but has not yet been heard from yet. Peter was impressed with the new site for relocation of the Lee store, which will be in a former Fashion Bug location. He hopes work will begin in mid-February and be completed some time in March. There will be a meeting next Wednesday, January 15th at 11:00 a.m. in Keene with Elliott Fineburg from Konover regarding the bypass project.

Commissioner Russell said she had received a call from a customer who had visited the Keene store during business hours and found it closed. The only employee in the store at that time had to use the facilities, and the store did re-open. Peter said he would look into this.

A. Customer Service Training Proposal (tabled from 1/3/03):

After a brief overview of this proposal by Peter, it was moved by Commissioner Byrne, seconded by Commissioner Maiola, that this item be removed from the table, and that the Commission approve the development and implementation for a Customer Service Training Program whereby each store employee would receive six hours of training in customer service, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

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2. Purchasing Report

John Bunnell reported that all items on the current out-of-stock list have been reviewed, and everything is in quite good shape.

3. Merchandising Report

a. Christmas Sale (Dec. 12 through Jan. 2, 2003):

The results of the Christmas Sale, which took place from Thursday, December 12, 2002 through Thursday, January 2, 2003, were noted.

b. Bowmore Scotch Sale (Nov. 11 – Jan. 2, 2003):

Rick Gerrish briefly reviewed the results of the Bowmore Scotch Sale, which took place from Monday, November 11, 2002 through Thursday, January 2, 2003. He noted that sales of Code #2979, Bowmore 12-Year, were down 150 cases from the same time period last year, which may have been due to competition from other like products.

A. SPIRITS:

1) President's Day Sale:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve twenty-one (21) spirit and seven (7) wine items to be featured during the President's Day Sale, scheduled for the period of Thursday, February 6 through Monday, February 17, 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) March Special Offers:

a. 5 items – Pine State Trading Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of five (5) spirit items, to be featured on sale during March 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 1 item – Richard Colbath/Spirits Marque One:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a special offer from Richard Colbath/Spirits Marque One, based upon depletions of one (1) spirit item, to be featured on sale during March 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 8 items – Sea Breeze Cellars:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Sea Breeze Cellars, based upon depletions of eight (8) spirit items, to be featured on sale during March and April 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 44 items – Executive Wine & Spirits/Martignetti:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits/Martignetti Companies of N.H., based upon depletions of forty-four (44) spirit items, to be featured on sale during March 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 60 items – Horizon Beverage Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of sixty (60) spirit items, to be featured on sale during March 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. 74 items – United Beverages, Inc.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of seventy-four (74) spirit items, to be featured on sale during March 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for March 2003:

Nicole announced that there will be a wine tasting at the Capitol Center of the Arts in Concord on Thursday, January 23rd from 5:00 to 7:30 pm.

a. 1 item – Perfecta Wine Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a special offer from Perfecta Wine Company, based upon depletions of one (1) wine item, to be featured on sale during March 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 26 items – Pine State Trading Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of twenty-six (26) wine items, to be featured on sale during March 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 29 items – Pine State Trading Company/E & J Gallo:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company/E & J Gallo Winery, based upon depletions of twenty-nine (29) wine items, to be featured on sale during March 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 31 items – Executive Wine & Spirits:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions of thirty-one (31) wine items, to be featured on sale during March 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Recommended Wine Specialty Products (6 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of six (6) wine items as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Recommended Allocated and Restricted Wines for Distribution to Selected Stores (4 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the distribution of four (4) allocated and restricted wines to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS – None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated January 6 through January 10, 2003. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items:

a. Full Distribution Request:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc. to grant a change from specialty status to full distribution for Code #1278, Jim Beam Black, 1.75L size, as this item has exceeded the yearly gross profit requirements for full distribution, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

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John W. Byrne, Chairman

Anthony C. Maiola, Commissioner

Patricia T. Russell, Commissioner

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